

Message Text

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L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 IO-13 AID-05 COME-00 EB-08 FRB-03 TRSE-00
XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 CEA-01 STR-06
EA-10 HA-05 /121 W
-----117818 111544Z /42

R 111459Z JAN 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 4103
INFO ALL EC CAPITALS

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PASS TREASURY

USEEC

E. O. 11652: GDS
TAGS: EFIN
SUBJECT: A FRENCH SOCIALIST LEADER LOOKS AHEAD

REF: (A) PARIS 00766, (B) PARIS 00146

1. SUMMARY: IN A DISCUSSION WITH EMBASSY OFFICERS, SOCIALIST ECONOMIST JACQUES DELORS WAS STARKLY PESSIMISTIC ABOUT THE CHANCES FOR A LEFT GOVERNMENT AFTER MARCH. ON BOTH DOMESTIC AND INTERNATIONAL ECONOMIC ISSUES, HE EXPRESSED REALISTIC, MODERATE, AND NON-DOGMATIC VIEWS. HE EMPHASIZED THE NEED FOR KEY WESTERN GOVERNMENTS-- IRRESPECTIVE OF WHO WINS IN FRANCE--TO HAVE A FUNDAMENTAL CONCERTED LOOK AT THE WORLD ECONOMY. END SUMMARY

2. DELORS IS A NATIONAL SECRETARY OF THE SOCIALIST PARTY (PS) WITH SPECIFIC RESPONSIBILITY FOR EUROPEAN COMMUNITY ISSUES AND INTERNATIONAL ECONOMICS. IN A GET-ACQUAINTED
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TALK WITH THE EMBASSY'S ECONOMIC MINISTER JANUARY 10, HE EXPRESSED MARKEDLY MORE PESSIMISTIC VIEWS THAN IN HIS LAST CONVERSATION WITH EMBOFFS A FEW MONTHS AGO. THE HIGHLIGHTS:

--DELORS NOW SEES VIRTUALLY NO CHANCE THAT THE COALITION OF THE LEFT CAN BE RENEWED IN THE FORESEEABLE FUTURE.

HE SEES THE PCF RETURNING TO ITS TRADITIONAL "GHETTO" OPPOSITION ROLE.

--EVEN IF THE CURRENT MAJORITY LOSES, HE SEES LITTLE PROSPECT THAT THE PS WILL CHOOSE TO GOVERN ALONE. DELORS HIMSELF WOULD FAVOR A ONE-PARTY PS GOVERNMENT AS AN INTERIM SOLUTION, DESPITE THE SPECTRE OF THE PCF ON ONE FLANK AND THE RPR ON THE OTHER EACH TRYING TO "RAISE THE COMPETITIVE BIDDING" AND TO ENSURE THE FAILURE OF SUCH A GOVERNMENT.

--DELORS SAID THAT IT WAS NO SECRET THAT HE AND OTHER PS LEADERS HAD BEEN APPROACHED BY MEMBERS OF THE MAJORITY ABOUT ACCEPTING MINISTERIAL PORTFOLIOS IN AN EVENTUAL NEW COALITION. HE SAYS THAT HE ANSWERED THAT, EVEN IF LEADERS LIKE HIMSELF AND MICHEL ROCARD WERE WILLING TO ACCEPT SUCH AN OFFER, UNDER PRESENT CIRCUMSTANCES IT WOULD BE MEANINGLESS TO DO SO BECAUSE THEY COULD NOT TAKE ANY SIGNIFICANT PORTION OF THE PS WITH THEM.

--IN DELORS' VIEW THE ONLY HOPE FOR A STABLE LONGER-TERM OUTCOME WOULD BE A SUDDEN "UNBLOCKING" OF THE PRESENT POLITICAL/ATTITUDINAL STALEMATE AS A RESULT OF THE ELECTIONS OR SOME OTHER DRAMATIC EVENT. ONLY SUCH AN UNBLOCKING COULD LEAD TO THE FORMATION OF A CONFIDENTIAL

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"THIRD FORCE" GOVERNMENT.

--ON THE INTERNATIONAL ECONOMIC SITUATION, DELORS SEEMED ACUTELY AWARE OF THE CONSTRAINTS IT PLACES UPON FRANCE AND ON OTHER INDUSTRIALIZED COUNTRIES. HE ADVOCATES A CONCERTED "PACKAGE DEAL" APPROACH TO THE LONGER-TERM STRUCTURAL PROBLEMS OF TRADE AND MONETARY POLICY. HE BELIEVES THAT THIS CAN BEST BE ACHIEVED BY INFORMAL PRESIDENTIAL SUMMITS RATHER THAN "BUREAUCRATIZED" MECHANISMS SUCH AS THE EUROPEAN ECONOMIC COMMISSION OR THE OECD, ALTHOUGH THE LATTER IS IMPORTANT FOR CERTAIN SPECIFIC TASKS. HE FEELS THAT AN EVENTUAL PS GOVERNMENT COULD MAKE A MAJOR CONTRIBUTION TO SUCH A DIALOGUE, FIRST AMONG THE EUROPEAN NINE AND THEN WITH THE US AND JAPAN.

--IN TERMS OF DOMESTIC ECONOMIC POLICY, DELORS SEES THE RAPID GROWTH OF THE 1960'S AS IRRETRIEVABLE AND ADVOCATES GREATER EMPHASIS ON ACHIEVING SOCIAL JUSTICE THAN ON STRIVING FOR RAPID INCOME GROWTH. HE EXPRESSED CLEAR DISAPPOINTMENT AT MITTERAND'S RECENT CALL FOR A 2,400 FRANC PER MONTH MINIMUM WAGE AND AT THE GROUND HE

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HAS GIVEN TO THE COMMUNISTS ON NATIONALIZATIONS. DELORS BELIEVES THAT THE PCF HAS LONG SINCE MADE UP ITS MIND TO BREAK WITH THE PS AND THAT NO NUMBER OF SOCIALIST CONCESSIONS ON ECONOMIC POLICY WILL CHANGE ITS COURSE. DELORS FEELS THAT BY MAKING SUCH CONCESSIONS THE PS IS SIMPLY PUTTING ITSELF INTO A POSTURE FROM WHICH IT WOULD BE DIFFICULT TO GOVERN SUCCESSFULLY.

--ON THE COMMON MARKET, DELORS FEELS THAT FOR POLITICAL REASONS SPAIN, PORTUGAL, AND GREECE OUGHT TO BE ADMITTED AS "AN ACT OF GENEROSITY" AND REGRETS THE CONCENTRATION ON SPECIFIC AGRICULTURAL PROBLEMS RAISED BY THEIR ENTRY. HE BELIEVES THAT THE IMF SOLUTIONS NOW BEING PURSUED WILL IN THE LONG RUN COST THE EEC AS MUCH AS MEMBERSHIP WOULD, WITHOUT BRINGING ABOUT THE STRUCTURAL REFORMS REQUIRED TO SOLVE THE ECONOMIC PROBLEMS OF THESE COUNTRIES.

3. COMMENT: THROUGHOUT THE CONVERSATION, DELORS WAS FRANK, PRAGMATIC, AND NON-POLEMICAL. HE CLEARLY DESIRES A CENTRIST, "THIRD FORCE" SOLUTION AND WOULD HOPE TO
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PLAY A SIGNIFICANT ROLE IN SUCH A GOVERNMENT. DELORS
VIEWS ON ECONOMIC ISSUES SEEMED LARGELY COMPATIBLE WITH
THOSE OF MICHEL ROCARD (REPORTED IN REFTEL B).
HARTMAN

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